

Mayor of London

GLA Group Budget Guidance Notes for 2006-07

June 2005

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1. Introduction

- 1.1 This document sets out formal guidance to the Greater London Authority (GLA) and the functional bodies for preparing their budget submissions covering the three year period 2006-07 to 2008-09.
- 1.2 The budget submission process is a key element of the planning framework which involves developing **three-year business plans** based on Mayoral objectives and priorities alongside **financial plans**. It aims to ensure that there are sound medium and long term financial plans within which all priorities and objectives are adequately funded. It also includes the preparation of detailed robust budgets each year which match planned outcomes with soundly based estimates of income and expenditure, government funding and council tax, and with appropriate and sufficient reserves.
- 1.3 The process is not simply concerned with looking forward. Assurance is also sought about performance on key deliverables in 2005-06, including spending and progress on new initiatives and the delivery of agreed savings, when considering future budget proposals.
- 1.4 The 2006-07 process itself is very similar to last year's process and it remains one of:
- Budget guidance issued by the Mayor revised throughout the process in light of emerging issues;
 - Budget development by functional bodies and GLA;
 - Budget submissions, which include budgets and business plans covering at least a three year period, scrutinised and approved by the functional bodies before formal submission to the Mayor in November;
 - Mayor's budget proposals considered, prepared and issued for consultation in mid December; and
 - Scrutiny by the Assembly's Budget Committee throughout the process.
- 1.5 This budget guidance will need to be kept under review in light of progress against the current year's budget, emerging issues, developments, etc.

2. Budget submissions

2.1 There are five key elements required in the budget submissions:

- A **Business Plan** covering at least the period to 2008-09 – this sets out what is planned to be achieved and it is expected that this will be based on existing business/corporate plans revised as appropriate;
- A **Budget Plan** for the three years 2006-07 to 2008-09 with supporting analysis and explanation – this sets out the resources needed to deliver the business plan;
- A **Budget and Equalities** submission and progress return – to both strengthen and help manage equalities considerations this will be a two stage process;
- A **Budget and Sustainable Development** submission – separate detailed guidance has been provided and accompany these notes; and
- A **Borrowing and Capital Spending Plan** for at least three years to 2008-09.

2.2 Budget submissions should be presented in a form that will allow them to be readily used in the Mayor's published budget documents. This will be of administrative benefit, minimising time spent on simply converting information provided in one format to another, and it should be helpful to formal budget consultees if information is presented in a similar format at the submission, consultation and decision stages of the budget process. However, it is not expected that each member of the GLA group should produce lots of new paperwork that just represents existing information – instead the submissions should cross-reference to existing plans and strategies where relevant.

2.3 The format has been developed over the past five years and the intention this year is to increase the emphasis given to demonstrating what the 'whole' budget delivers. This will require clearer links between budget and business plans, and in addition to specifying deliverables, defining measures to assess progress and impact.

2.4 The overall look of the budget consultation document and published budget as finally agreed should therefore have more of a feel of a corporate plan and include more performance information, with the published documents providing:

- **A three-year (or longer if appropriate) overview of strategic objectives and priorities and medium term financial planning and the outcomes that will be achieved over that period (see note above);**
- **Details of annual deliverables and finances needed to achieve them; and**
- **The measures to be used to assess performance towards meeting the deliverables.**

2.5 The format of the budget submissions will be discussed with officers across the GLA group and the final format should be agreed by 31 July 2005.

3. Policy objectives

- 3.1 The purpose of the budget development process is to ensure that the budget is an accurate reflection of the Mayor's objectives and priorities. The overall focus remains one of continuing to deliver investment in London's infrastructure and public services, as set out in the Mayor's election manifesto. The budget submissions for 2006-07 to 2008-09 should therefore be developed reflecting the specific issues set out in Appendix A.
- 3.2 The list is not exhaustive and should be read as providing emphasis. The GLA and functional bodies are asked to ensure that submissions show the contribution each body is making to the implementation of these deliverables and any other mayoral priorities relevant to them. The submissions should be concise, providing information wherever possible in summary form.
- 3.3 The types of information submitted could include:
- High-level details of relevant service plans, targets and programmes;
 - The timing and year-on-year profiles of those plans; and
 - An assessment of the extent to which the authority is the lead or key partner for the deliverable.
- 3.4 The GLA Act provides for three cross-cutting themes: equalities, sustainable development (which is covered in separate budget guidance) and health. If the GLA and the functional bodies are or planning to undertake any specific health projects or initiatives, then the information submitted should separately identify these.
- 3.5 As stated in paragraph 2.3 it is expected that each submission will detail specific measures that will be used to demonstrate progress and impact. To assist the GLA group develop this aspect Appendix A provides a list of desired outcomes. The GLA and the functional bodies should define targets for each outcome, and indicators that measure progress to be achieved by the end of the business plan period and include them within the budget submissions.

4. Budget planning options

4.1 Budget submissions should be developed in light of government expectations over increases in council tax and the level at which it might be capped. Minimum cash saving targets have not been set since these will be determined by a requirement to develop proposals to avoid capping.

4.2 Although this year's government capping principles were on its view that budget requirements would be excessive if there were an increase in budget requirement of more than 6 percent and council tax of more than 5.5 percent, it is the latter that is particularly relevant to the GLA group. So subject to any further guidance issued later in the year, submissions should assume a council tax ceiling for planning purposes the same as the Government's intended maximum increase in council tax in 2005-06. This means that each member of the GLA group should exemplify proposals to deliver:

- **A budget requirement for 2006-07, 2007-08 and 2008-09 that would result in an annual increase in that body's share of the GLA council tax precept limited to 5.5 percent.**

4.3 This parameter is not relevant to the LDA. Instead the LDA must demonstrate how it intends to secure efficiencies, evidenced by performance in 2005-06, which will increase the proportion of the total LDA budget allocated to direct programme expenditure.

4.4 It is recognised that a critical factor central to this parameter is future government grant levels. Each member of the GLA group should therefore keep under review a best estimate of the level of government grant support that is expected and these will be thoroughly examined during the budget development process.

4.5 Unlike the past two years, this parameter includes the next stage of the Metropolitan Police's Step Change Programme to the extent it is not covered by any additional government grant that might be provided by the government from the Neighbourhood Policing Fund. However, the MPA's budget submission must detail how to achieve 624 safer neighbourhood teams by 2008.

4.6 It is also recognised that this parameter will have a different impact across the GLA group, depending on final grant allocations and budget priorities. Each body should therefore develop a menu of proposals, if necessary, that could be brought forward if there is sufficient headroom within the resulting GLA group council tax. These would be examined during the programme of budget steering group and officer-level meetings (see Section 9) before the Mayor consults on his budget in December.

4.7 Taking into account the inevitable uncertainties that exist, the budget submissions need to set out robust figures for future years which incorporate future new initiatives (including those financed by savings) and efficiency plans (including non cashable efficiencies). For options developed, the submissions should explain:

- The implications for the level of service delivery in 2006-07 and subsequent years;
- Any constraints that could limit the achievability of exemplified options; and
- The assumptions made on government grant levels.

5. Budget and equalities

- 5.1 As stated in paragraph 2.1 the budget and equalities process has been changed to a two-stage process to both strengthen and help manage equalities considerations. The first stage, which is integrated into the main budget submission process, is to concentrate on the service delivery and resource allocation aspects of equalities. The main equality priorities outlined in Appendix B will be covered in discussion in the budget steering groups (see Section 6) and the main budget submission should include a section covering equalities service plans, targets and programmes, giving a clear indication of the priorities.
- 5.2 A separate equalities progress return will be asked for by the end of April, for which further guidance will be issued in due course. This will allow a budget and equalities meeting held in May/June 2006 to review:
- Agreed budgets and deliverables for equalities projects and programmes;
 - Equalities related employment issues; and
 - Equalities policy and organisational issues.
- 5.3 Following the meetings a report reviewing the progress on budget and equalities issues will be issued in August, in time to influence the budget cycle for 2007-08.
- 5.4 As a result of this process:
- Before his budget is finalised the Mayor should be adequately informed of the main equality issues facing the organisations in the GLA group, their approach to taking these issues forward in terms of service plans, targets and programmes, and of any material budget and resource issues;
 - By the end of the process the Mayor should be in a position to comment authoritatively on the targets set by each organisation in the group and their performance against such targets and on the level of resources they plan to commit; and
 - The GLA should be able to build up expertise on high level policy approaches to equalities and be able to share such expertise and disseminate good practice within the GLA group, with other public bodies and with the private sector.
- 5.5 In addition, a satisfactory process should make a major contribution towards allowing each organisation in the GLA group to demonstrate that it is fulfilling its statutory obligations. The process also provides an independent evaluation mechanism which allows the rest of the GLA group to satisfy one of the essential criteria of Level 5 of the Equality Standard for Local Government.

6. Managing the budget submission process

Budget steering groups and officer meetings

- 6.1 This year more formal use will be made of existing links/meetings between the Mayor and the functional bodies to discuss budget development and priorities. In addition a programme of meetings between functional bodies and the Mayor will be held during October and a timetable will be circulated in due course. This range of meetings will enable the Mayor to:
- Review delivery of the 2005-06 budget;
 - Direct the 2006-07 budget process, ensuring that it remains valid and responsive to emerging needs and that budget information reflects mayoral priorities;
 - Ensure that there would be consistency and integration across the GLA group on relevant issues;
 - Ensure that all budget submissions are delivered as required; and
 - Ensure that the submissions can be readily consolidated into the Mayor's budget proposals and issued for consultation.
- 6.2 These arrangements will be supported by a series of monthly officer level meetings to aid the development of the submissions and to prepare for the Mayoral level meetings. This year both these officer level meetings and Mayoral level meetings will include consideration of the main equalities priorities.

Changes to budget proposals

- 6.3 The deadline for submissions is similar to that for last year. However, the submissions will be refined and revised as necessary before the final budget is approved in February. Amendments will be incorporated at the following stages:
- Early December (after the announcement of the Government's draft local government settlement): changes to be picked up as part of the process of formally preparing each component budget;
 - Early January: further changes to be picked up as part of the process of responding to the consultation on the Mayor's draft consolidated budget; and
 - End of January/beginning of February (after the announcement of the Government's draft local government settlement): final changes to be picked up in the Mayor's final draft consolidated budget to the Assembly.

7. Financial information

- 7.1 Although it is the intention that the budget documentation should have more of a feel of a corporate plan, a lot of detailed financial information is still required. Appendix C to this report sets out the financial information to be included in the budget submissions. The final part of that Appendix relates to information needed for the draft capital spending plan and prudential borrowing limits.

8. Dialogue with budget consultees

- 8.1 The statutory framework for consultation on the Mayor's budget proposals is restricted by the time available (mid December to mid January). To complement and prepare for this part of the budget process, each body should maintain a dialogue with, and provide information to, key stakeholders before budget submissions are finalised.
- 8.2 The main purpose of this dialogue is to:
- Obtain stakeholders views on policy priorities and options; and
 - Communicate with stakeholders so they are better prepared to respond to the Mayor's formal budget consultation.
- 8.3 The dialogue should be GLA/functional body specific and should focus on the services provided by the functional body and the relative priorities of each service. The issue of the costs of these services would then be specifically addressed later in the process by the Mayor's consultation, however costs and the likely impact on the precept should be discussed as part of the dialogue.
- 8.4 Functional bodies should communicate with a wide range of stakeholders with the aim that stakeholders should be left in a position where they will feel able to provide informed opinions in response to the Mayor's formal consultation in December/January. Appendix D provides details of stakeholders were consulted by the Mayor for 2005-06. These are being reviewed and the GLA will be writing to stakeholders to inform them that they will be consulted on the Mayor's budget proposals and that they will receive information from functional bodies as their budget submissions are being prepared. Subject to be notified of any changes, the stakeholders listed in Appendix D should be consulted where relevant and functional bodies should consider contacting additional organisations.
- 8.5 The budget submission should provide the following details:
- Who was communicated with/consulted;
 - The period during which this was undertaken;
 - The information provided/issues on which consultees were asked to comment;
 - An analyses of any responses received;

- Feedback received on the consultation/communication undertaken; and
- Feedback from functional bodies on what it was felt was gained by the exercise, including what was taken on board.

9. Timetable for submissions

9.1 A provisional timetable is set out in Appendix E. Budget submissions are due by or on **14 November 2005**.

10. Monitoring performance

10.1 The financial and organisational performance of each body, including progress in implementing the 2005-06 budget and equalities recommendations, will be regularly monitored by the GLA. This requires robust information to be provided throughout the year and it is important that up to date information is available to inform the submission, consultation and decision stages of the budget process.

11. Assembly's Budget Committee scrutiny

11.1 This guidance does not cover the Assembly's Budget Committee's scrutiny process. This is a different process and the Budget Committee will be requesting information at key stages and there will be a requirement for members and officers of each body to attend Committee meetings as appropriate.

12. Contacts and further information

12.1 A checklist of information to be provided is set out in Appendix F for completion. If any further information or clarification is required then please contact:

Anne McMeel	Executive Director of Finance and Performance	7983 4172
Martin Clarke	Head of Strategic Finance	7983 4233
Tom Middleton	Senior Performance Manager	7983 4257
Ray Smith	Budget Development Manager (MPA)	7983 4148
Adrian Bloomfield	Budget Development Manager (LFEPA)	7983 4165
Peter Greig	Budget Development Manager (TFL)	7983 4254
Geetha Blood	Budget Development Officer (LDA)	7983 4642

Specific issues to be addressed in Business Plan and Budget submissions

Body	Issues
All	<ul style="list-style-type: none"> ▪ Supporting the London 2012 Olympics¹ ▪ Working together to support the delivery of the London Plan ▪ Dealing with terrorism and other catastrophic events ▪ Improving performance, including key points arising from: improvements to core processes, e-government plans, procurement initiatives, action plans arising from IPA reviews, efficiency plans produced in response to Gershon and examples of joint working within the GLA group ▪ Increasing supplier diversity and fair employment practices through GLA group procurement activities ▪ Providing meaningful performance information to the London public (which would include through the Londoner) so that Londoners understand what they are getting for their investment ▪ Promoting equalities (see Appendix B)
MPA	<p>The deliverables for the MPA/MPS are cast within the framework of PSAs set by the Government for the Police and for Crime and Disorder Reduction Partnerships</p> <ul style="list-style-type: none"> ▪ (PSA1) to reduce crime by 20% by 2007-08. <ul style="list-style-type: none"> ▪ Reduce robbery, burglary and violent crime in the capital ▪ Reduce the volume and victimisation rate for race and religious hate crime, rape, sexual offences and violence against women ▪ (PSA2) to reassure the public, reducing the fear of crime and anti-social behaviour, and building confidence in the Criminal Justice System (CJS) without compromising fairness <ul style="list-style-type: none"> ▪ Submit proposals for five additional safer neighbourhood teams for each borough so local people are served by a visible dedicated team of officers providing reassurance and working on local priorities ▪ Increase the safety of public spaces including parks and open spaces ▪ Increase the safety of transport interchanges through joint work with TfL and BTP ▪ Demonstration on how the Service Review will deliver £300 million additional resources to front line policing ▪ Tackling and reducing all types of anti-social behaviour in the capital and contribute to partnership working through the London ASB strategy

¹ The IOC will award the 2012 Olympics to one of five candidate cities (London, Paris, Madrid, New York, Moscow) in July 2005. Further budget guidance will be issued in the light of the decision made

Body	Issues
	<ul style="list-style-type: none"> ▪ Build confidence of London's BME and other discriminated communities in policing through creating a workforce that reflects the diversity of London and by improving the recruitment retention and promotion of women ▪ (PSA3) to bring 1.25 million offences to justice in 2007-08 <ul style="list-style-type: none"> ▪ Bridge the gap to increase the number of successful prosecutions and convictions for rape and sexual offences ▪ Increase the number of successful convictions for race and religious hate crime ▪ Support to victims and witness to increase the number of successful prosecutions so that more guilty offenders are convicted for their crimes ▪ (PSA4) reduce the harm caused by illegal drugs including substantially increasing the number of drug misusing offenders entering treatment through the CJS
LFEPA	<ul style="list-style-type: none"> ▪ Implementing the modernisation agenda and deriving benefits from a risk-based approach to fire safety issues ▪ Investing in emergency planning equipment and staff resources ▪ Tackling and reducing arson-related anti-social behaviour as part of the contribution to the London Anti-Social Behaviour Strategy ▪ Significant progress in implementing the Mayor's pledge to provide free fire assessments and smoke alarms for pensioners ▪ Working towards government workforce targets for the fire service
TfL	<ul style="list-style-type: none"> ▪ Meeting LU performance targets and delivering planned infrastructure improvements ▪ Extending the East London Line and improving the Silverlink line ▪ Working with partners to deliver a fully integrated public transport fares structure ▪ Achieving the westward extension of the Congestion Charge Scheme, subject to the outcome of the public consultations ▪ Taking forward tram and transit schemes ▪ Progress the implementation of the Low Emission Zone ▪ Delivering the London Cycle Network and pedestrian improvement plans ▪ Progress the implementation of the access action plan including improvements to Underground accessibility, and the levels of provision planned for door-to-door transport ▪ Increasing employment of women on buses running services for TfL ▪ Increasing the efficiency of road network operation, including for business ▪ Contribution towards delivery of the London ASB strategy
LDA	<ul style="list-style-type: none"> ▪ Contributing to the provision of adequate infrastructure for London to permit sustainable continuation of its economic growth

Body	Issues
	<ul style="list-style-type: none"> ▪ Contributing to delivery of development and regeneration of the Thames Gateway ▪ Meeting agreed targets for affordable childcare places and provision of free pre-school childcare for over-3s and childcare centres at primary schools ▪ Expanding action to encourage increasing investment from rapidly growing economies (India, China, Russia) ▪ Continuing support for delivery of Mayoral priorities for landmark development projects such as Crystal Palace ▪ Providing leadership and direction to implement the Mayor's policies on addressing London's skills issues
GLA	<ul style="list-style-type: none"> ▪ Securing delivery of London Plan targets for homes, including affordable homes ▪ Meeting the Mayor's environmental objectives including waste recycling targets ▪ Staging and promoting an annual programme of cultural, sporting and business events and festivals which celebrate and reflect London's diversity or promote key Mayoral policies for example on the environment ▪ Supporting, developing and staging major public events and festivals that promote London to a national and international audience ▪ Ensuring London's newer communities are integrated into the Mayor's programme of engagement with Londoners

The Mayor's desired outcomes

Outcome	GLA/FB Lead
Public safety	
Fall in crime in the capital	MPA
Londoners feeling safer and respecting the capital	MPA
A police and fire service that reflects the diversity of London	MPA, LFEPa
Transport	
Demonstrable improvement in LU's performance	TfL
Demonstrable progress on key infrastructure projects	TfL
A more sustainable transport network	TfL
Housing	
Accelerate the increase in London's housing supply, including affordable housing, focusing on the Thames Gateway	LDA, GLA
Sustainable economic growth	
Sustainable increase in living standards and quality of life of Londoners including maximising the level of employment for Londoners	LDA
Enhance further London's position as Europe's only real world city and increased productivity	LDA
Equalities and social inclusion	
Remove barriers preventing Londoners getting out to work	LDA
Fair business practices	LDA
Fair share of economic prosperity for minority groups	LDA
Environment	
Consumption of fewer resources and improvements to the quality of London's environment	ALL
Increased levels of recycling	GLA
Promoting London at home and abroad	
Strategic promotion of London as the leading world city for the 21 st century	ALL (and Visit London)

Promoting equalities

Equality groupings

1. The GLA group has identified the following main equality groups:
 - Black and ethnic minorities
 - Children
 - Disabled people
 - Lesbians, gay men, bisexuals and transgendered people
 - Older people
 - Faith Groups
 - Women
 - Young People

2. Black and ethnic minorities and faith groups include the following:
 - African-Caribbean
 - African communities including a developing process of working with different communities within this broad category
 - Arab communities
 - Bangladeshi
 - Chinese
 - Hindu
 - Indian
 - Irish
 - Jewish
 - Kurdish
 - Muslim
 - Pakistani
 - Refugees and asylum seekers
 - Sikh
 - Sri Lankan (Tamil and Sinhalese)
 - Turkish

Promoting equalities

3. The GLA group has from time to time also identified some social inclusion target groups (eg Asylum Seekers, people with mental health needs, unemployed people). Functional bodies should ensure that appropriate actions to meet the needs of such groups are included in their business plan and budgets.
4. Policy development should consider all the above, with due regard to weight of population and socio-economic indicators as informed by DMAG statistics and other quantitative policy research.

General Approach

5. All functional bodies are asked to ensure mainstreaming of equalities and stakeholder issues and contributions to mayoral events (conferences and cultural events) and stakeholder projects as part of their core business, rather than operating as branding and sponsorship activities.
6. The GLA and the functional bodies have committed to being exemplary employers and striving to reach Level 5 of the Local Government equalities Standard. As a result functional bodies are already committed to put into practice policies which reduce harm at work, promote fair terms and conditions and the Living Wage and promote health and safety. This commitment can be reinforced by a commitment to signing the Health and Safety Accord for London.

Stakeholder framework

7. Functional bodies should ensure that the Mayor's stakeholder framework is incorporated in its approach to equalities issues. This may result in some change of emphasis in programme budgets.
8. The approach taken should be to celebrate and promote London's diversity, its global character and the strengths arising from historical and contemporary international linkages. Budget and business plans must be underpinned by a clear aim to redress inequality of outcome both in the short term and medium term and will be strengthened if they include a clear explanation of the range and extent of consultation and engagement processes. These should be predicated on the assumption that communities define themselves, have particular and specific cultures, needs, aspirations and contributions and that stakeholders should have an equal part in dialogue on policy development and service delivery.

Specific projects and initiatives

9. Specific projects and proposals will be discussed in the overall process for taking into account equalities in business plan and budget development, and should address the following issues:

MPA

- Progress in accepting and implementing the recommendations of the CRE investigation, the Taylor report and the Morris enquiry
- Plans for reducing Hate crime, including hate crime directed at disabled people
- Plans for monitoring children as victims, witnesses and offenders
- Progress on implementing the recommendations in the Mayor's London Domestic Violence Strategy
- Plans for developing different approaches to recruitment training

Transport for London

- Ensuring that the needs of all key equalities groups are fully considered as part of the development of transport schemes
- Making stations safe for women/for all as a development of the Safer Travel at Night (and day) initiative
- Increasing the numbers of women private hire and taxi drivers

LFEPA

- Fire prevention and arson reduction schemes targeted at diverse communities
- Progress in implementing the Mayor's pledge to provide free fire assessments and smoke alarms for pensioners

LDA

- Particularly target business interventions, businesses created/safeguarded, learning opportunities and people into employment on black, Asian and minority ethnic, women and disabled people
- Raising the profile of, developing priority actions for, and influence education providers regarding improving skills acquisition at school of Bangladeshi, Turkish, Kurdish, and Pakistani students, in addition to the further developing the existing London Schools and the Black Child project
- Increasing diversity in the private sector in particular through the Diversity Works initiative

- Strengthen work with London's diverse communities, taking account of intelligence gained from Mayor's office engagement with these communities
- Expand the Women in London Economy project by adding promotion of training for women in non-traditional trades and professions, and developing a Framework for Women's enterprise.
- Promote initiatives on training for refugees, including professionals

At the end of April functional bodies will be asked to complete an equalities progress return asking for deliverables and budgets on the various different projects and initiatives agreed to address the above issues.

Financial information required

Component budgets

Service Analysis

1. The main financial element of the budget submissions will be an analysis of budget proposals for the three years 2006-07 to 2008-09 with comparative figures for 2005-06 (both original budget and forecast outturn, and if the figures for 2006-07 reflect any service re-organisation figures for the previous year must be re-stated) showing:
 - Income to be raised and expenditure to be incurred in providing the complete range of services provided by the body
 - Capital financing costs (including capital expenditure charged to revenue)
 - External interest receipts
 - All estimated specific grants
 - Transfers to and from reserves
 - Any other financial charges and adjustments
 - The resultant budget requirements

2. The budget proposals must be supported by a detailed explanation of changes from the equivalent budgeted figures for 2005-06, separately identifying changes in each of three years due to:
 - Inflation
 - Changes in service levels (making a distinction between those which are committed and those which are new initiatives)
 - Savings and efficiencies
 - Income variations (including specific government grants)
 - Any other significant reasons

Subjective analysis

3. A subjective analysis must also be submitted covering the three-year plan period, including a comparison with 2005-06 figures.

New initiatives and service improvements

4. A clear distinction must be made between full year effects of new activities approved in 2005-06 or earlier years – these are committed service increases – and proposed new initiatives. However, for clarity, the definition of new initiatives is restricted to new provision of new services and service improvements, including those to be funded by a redeployment or more effective use of existing resources.
5. Expenditure on new initiatives/service improvements planned for each of the three years 2006-07 to 2008-09 will be expected to satisfy at least one of the following criteria:
 - It assists in the implementation of any mayoral strategy, general mayoral policy or priority
 - It ensures that statutory obligations are fulfilled
 - Enhanced performance can be demonstrated
 - Expenditure is fully funded from government or other specific grants or other savings
6. For each new initiative/service improvement an analysis should be provided, which includes:
 - A brief description of the proposal including the expected service improvement or deliverable
 - The cost in each of the three years 2006-07 to 2008-09

Savings and efficiencies

7. Budget submissions must demonstrate that there has been a rigorous pursuit of efficiencies on existing services and structures. This requires a thorough examination of the existing cost base to identify both possible savings (including maximising income) and any effect on service levels should the savings be implemented. Therefore an analysis should be provided, which includes:
 - The assumptions made on elements of the budget that are and are not reducible in the short term, with savings required expressed as a percentage of that reducible amount
 - A brief description of the expected savings to be achieved, separately identifying cashable and non cashable savings
 - The saving in each of the three years 2006-07 to 2008-09
 - A comparison/reconciliation of the amount of savings with government targets for each body
8. In addition to providing an analysis of savings, submissions should also outline:
 - Progress in achieving efficiencies and savings agreed as part of the 2005-06 budget, including the latest available estimate of projected financial performance in 2005-06
 - Progress against Annual Efficiency Statements submitted to government

Reserves and general balances

9. To meet the requirement of the Local Government Act 2003 in respect of adequacy of reserves and demonstrate full compliance with the revised guidance on local authority reserves and balances issued by CIPFA in June 2003, submissions must include:
 - A statement of reserve policy
 - Details of all reserves and general balances
 - An analysis and explanation of the expected movements between the start and end of each year from 1 April 2005 to 31 March 2009
 - In the case of earmarked reserves held for purposes beyond 2008-09, an indication should be given as to when they are likely to be applied
 - Proposed allowances for contingencies separately identified and justified

Inflation factors

10. There is no specific guidance for pay and inflation rates to be used. However, submissions must include details of the inflation assumptions (for both pay and non pay costs) and all figures must be at outturn prices.

Robustness of estimates and adequacy of reserves

11. To help meet the statutory requirements of the Local Government Act 2003, the submissions must include a report by the Chief Finance Officer on the robustness of the proposed budget estimates and the adequacy of the proposed financial reserves.

Borrowing and capital spending

Borrowing limits

12. Under the Local Government Act 2003, the Mayor has the duty of determining authorised limits for the GLA and each of the functional bodies in respect of external debt after consulting the London Assembly and the functional bodies in respect of their own limits. Budget submissions must therefore include:
 - Estimates of proposed authorised limits over the capital spending plan period 2006-07 to 2008-2009. These estimates must be justified by reference to the requirements of the Prudential Code, including providing calculations of the prudential indicators, and supported by a draft capital spending plan (see below)
 - The level of borrowing required to support the draft capital spending plan, showing separately new borrowing which does not attract government grant support (unsupported borrowing) from supported borrowing

Capital spending plan

13. The draft capital spending plan should include:
 - The funding available, detailing the various sources (any borrowing under the Prudential Code should be consistent with the figures provided in meeting the requirements of paragraph 12 above), to meet capital requirements for the three years 2006-07 to 2008-09 and later years if this is available.
 - An analysis of all the proposed projects providing for each project:
 - The name/title of the project
 - Total cost of the project (for the purpose of this exercise minor projects can be grouped together)
 - Previous years' expenditure (in total)
 - Cost in 2006-07
 - Projected cost in the next two years, 2007-08 and 2008-09
 - A statement linking capital expenditure to the delivery of objectives/priorities
 - The revenue/operational expenditure consequences of the overall draft plan, including debt management costs, which must be identified and fully reflected in the revenue budget proposals, and separately identifying those consequences arising from projects that are expected to be funded by supported borrowing from those funded by unsupported borrowing
 - A statement outlining how projects have been prioritised
 - A statement outlining how performance is to be monitored and evaluated
14. Both the capital spending plan and the prudential borrowing will need to be reviewed as plans develop during the period leading up to their publication dates.

2006-07 budget consultees

1990 Trust, The	London Council for Voluntary Services
African Caribbean Business Network	London Cycling Campaign
Age Concern	London First
Amicus	London Health Commission
Asian Business Association	London Mental Health Advocacy Network
Association of London Government	London Older People's Strategy Group
Black Londoners Forum	London Regeneration Network
Capital Transport Campaign	London Sustainable Development Commission
Confederation of British Industry	London Transport Users Committee
Confederation of Indian Organisations	London Voluntary Sector Training Consortium
Commission for Racial Equality	National Council for Voluntary Organisations
DART (DialaRide and Taxi Users)	Refugee Council
Disability Rights Commission	Road Peace
Environment Agency	Runnymede Trust, The
Equal Opportunities Commission	SERTUC (South East Region Trade Union Congress)
Friends of the Earth	Terence Higgins Trust
Greater London Action on Disability	Third Sector Alliance
Lesbian, Gay and Bisexual Voluntary Sector	Transport 2000
London Consortium	Unison
Living Streets	Victim Support
London Assembly Members	Women's Resource Centre
London Boroughs	Women's Rights Centre
London Chamber of Commerce and Industry	
London Children's Policy Forum	
London Civic Forum	

NB These are being reviewed and any changes will be notified in due course

Appendix E

Mayor of London's budget process 2006-07 – timetable

30 June	Issue Mayor's initial budget guidance for 2006-07
Oct	Programme of meetings with Mayor (Budget Steering Groups)
Jun to Nov	Programme of officer level meetings with functional bodies (including budget and equalities meetings)
Jun to Dec	Budget Committee scrutiny of functional body budgets
Jun to Jan	On-going dialogue with budget consultees
14 Nov	Detailed budget submissions to Mayor
End Nov/early Dec	Consult Budget Committee and functional bodies on draft component budgets
13 Dec	Statutory consultation on consolidated budget
Dec to Feb	Budget Committee scrutiny of Mayor's budget proposals
15 Jan	Issue draft capital spending plan, including consultation on proposed borrowing limits, before this date
Jan tbc	Assembly to consider draft consolidated budget
Feb tbc	Assembly final consideration of consolidated budget
Feb tbc	Issue council tax leaflet
28 Feb	Issue capital spending plan before this date
31 Mar	Authorised Limits for borrowing agreed by this date

Budget submission checklist

Checklist to be completed and included in the budget submission

Submissions to consist of (para. 2.1):

- Budget Plan
- Business Plan
- Budget and Equalities submission
- Budget and Sustainable Development submission
- Capital Spending Plan

Submission to meet the following requirements:

- Be presented in the form of the Mayor's budget documents (para. 2.2)
- Address the specific issues set out in Appendix A (paras. 3.1 to 3.3)
- Address desired outcomes set out in Appendix B (paras. 3.4 to 3.5)
- Budget requirement for the three years that would lead to an increase in own share of council tax precept limited to 5.5 percent (paras. 4.1 to 4.3)
- Include best estimate of level of government grant (paras. 4.4 and 4.5)
- Develop a menu of proposals, if appropriate (para 4.6)
- Robust figures for future years which incorporate new initiatives and efficiency plans (para. 4.8)
- Be prepared following consultation/communication with stakeholders (paras. 6.3 to 6.7)

Submission content to include (Appendix C):

- Service analysis for the years 2006-07 to 2008-09 and supporting explanation of changes from equivalent 2005-06 figures (paras. 1 to 2)
- Subjective analysis for the years 2006-07 to 2008-09 and explanation of changes from equivalent 2005-06 figures (para. 3)
- Details of new initiatives/service improvements for the years 2006-07 to 2008-09 (paras. 4 to 6)
- Information on implementation of 2005-06 new initiatives (para. (to be included))
- Information on efficiency savings for the years 2006-07 to 2008-09 (para. 7)
- Information on achievement of 2005-06 efficiencies and savings (para. 8)
- Information on reserves and balances from 1/4/05 to 31/3/09 (para. 9)
- Inflation assumptions (para. 10)

Budget submission checklist

- Chief Finance Officer report on robustness of proposed budget estimates and adequacy of the proposed financial reserves (para. 11)
- Proposed affordable borrowing limits and prudential indicator calculations (para. 12)
- Draft capital spending plan and supporting information (para. 13)
- Details of dialogue and feedback with Budget Consultees over proposals (paras. 6.3 to 6.7)